

Lynas gearing up to strengthen its rare earths foothold in the USA

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Australia's [Lynas Rare Earths Limited](#) (ASX: LYC), the premier producer of rare earths outside China, finds itself at a crossroads as it navigates geopolitical and industry shifts. The company's future in Malaysia remains uncertain as Kuala Lumpur reviews its stance on operations resulting in radioactive by-products. Notably, Malaysia's operational advantages lie in its strategic location and lowered production costs, offering a competitive edge over alternatives in Texas. The latter location, although attractive, poses challenges like potential "rare earth tourism."

In the backdrop, Lynas has seen its revenues drop due to declining rare earth prices. The [recent quarter](#) reported a fall to A\$157.5 million (US\$104.85 million) from A\$294.5 million in the same period the previous year. However, this figure still surpasses their pre-2021 revenue marks.

Meanwhile, in the United States, Lynas is gearing up to strengthen its footprint. With the backing of the U.S. Department of Defense (DoD), Lynas USA LLC will construct the Heavy Rare Earths component of the Lynas U.S. Rare Earths Processing Facility in Texas. The updated contract with the DoD promises reimbursement for all valid construction costs. Furthermore, the U.S. Government has increased [its contribution](#) to the project from an initial US\$120 million in June 2022 to approximately US\$258 million.

This Texas facility is designed to bolster the U.S. rare earth

supply chain, integral for both defense and commercial sectors. Once completed, it will be the only large-scale producer of separated Heavy Rare Earths outside China. Lynas has acquired a 149-acre site in Seadrift, Texas, for this endeavor, strategically located close to infrastructure, skilled labor, and potential customers. The new site also offers room for future expansion, possibly introducing downstream processing and recycling to forge a circular supply chain.

Aiming to be operational by FY2026, the Texas facility will primarily source its feedstock from the Lynas Mt Weld rare earths deposit and the Kalgoorlie Rare Earths Processing Facility in Western Australia. However, it remains open to processing from other potential sources in the future.

Amanda Lacaze, Lynas' CEO, expressed her enthusiasm for the Texas venture, emphasizing its role in Lynas' growth strategy. She highlighted the plant's uniqueness as the first of its kind outside China and lauded Lynas' position as the sole commercial scale source of separated rare earths outside China. This U.S. plant signifies a global shift towards establishing a sustainable and eco-friendly rare earths supply chain, reducing dependence on Chinese suppliers.